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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-07 FRB-01 TRSE-00
XMB-04 OPIC-06 LAB-04 EPG-02 SIL-01 OMB-01 /100 W
----------140930Z 129933 /11
R 131730Z MAY 77
FM AMCONSUL TURIN
TO SECSTATE WASHDC 0710
AMEMBASSY ROME
INFO AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMCONSUL TRIESTE

UNCLAS SECTION 1 OF 2 TURIN 0248

E.O. 11652: N/A
TAGS: ECON, PINT, IT
SUBJ: ITALY BETWEEN STAGNATION AND RECOVERY AS SEEN
(WITH SOME OPTIMISM) BY FIAT PRESIDENT GIOVANN AGNELLI

1. SUMMARY. PREPARED PRESENTATION BY FIAT PRESIDENT GIOVANNI AGNELLI BEFORE PRESTIGIOUS TURIN AUDIENCE MAY 12 REFLECTED LESS PESSIMISM THAN AGNELLI STATEMENTS SEVERAL MONTHS AGO. IN EFFECT, HE SAID ITALY HAD BEEN THROUGH MANY HARDSHIPS, PERHAPS UNIQUE ONES, COUNTRY HAD MANY PROBLEMS YET TO FACE, BUT ITALIANS SHOULD BELIEVE IN THEMSELVES AND ATTACK TODAY S ISSUES REALISTICALLY AND WITH FULL RECOGNITION THAT PROGRESS IN ITALY IS THE ONLY ROAD TO TAKE DESPITE FACT IT CERTAINLY WILL CREATE TENSIONS IN THE SOCIETY. FOR HIM, PROGRESS AND DEVELOPMENT CERTAINLY WERE THE PREFERRED ROUTES AS OPPOSED TO STAGNATION. END SUMMARY.

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2. BEFORE PACKED AUDIENCE AT "THURSDAY CULTURAL PROGRAMS" SPONSORED BY HIGHER MILITARY SCHOOL IN TURIN EVENING OF MAY 12, FIAT PRESIDENT GIOVANNI AGNELLI SPOKE FROM PREPARED TEXT ENTITLED "ITALY BETWEEN STAGNATION AND RECOVERY." HIS PRESENTATION WAS FORCEFUL, HARD-HITTING, AND SEVERAL TIMES TOUCHED ON AN OPTIMISTIC NOTE. THE LATTER LEFT ME, AND SUBSEQUENT PRESS COVERAGE, WITH AN OVERALL TONE OF HOPE AND

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CAUTIOUS OPTIMISM REGARDING ITALY S EFFORTS TO MEET ITS SERIOUS PROBLEMS.

3. STRESSING THAT FOR HIM STAGNATION WAS WORSE THAN THE PROBLEMS INEVITABLY CREATED BY PROGRESS AND DEVELOPMENT IN ITALY, AGNELLI TRACED WHAT HE DESCRIBED AS THREE POST-WW II PHASES ITALY HAS WITNESSED:

-- THE MIRACLE, IMMEDIATE POST-WAR RECOVERY AND "EXTRAORDINARY ECONOMIC EXPANSION,"
-- UTOPIA, OR SENSE THEREOF WHEN SOCIAL FORCES (UNIONS, POPULATION) REQUESTED AND EXPECTED SO MUCH FROM THE STATE, (AND, "I REALIZE THAT THE YOUTH OF TODAY ARE THE ORPHANS AND THE VERY VICTIMS OF THIS UTOPIA"),
-- DISILLUSIONMENT, W HERE WE ARE TODAY, RESULTING IN FRUSTRATION AND ANGER DIRECTED TOWARD THE PERCEIVED SYMBOLS OF DISILLUSIONMENT: POLITICAL PARTIES, UNIONS, AND INSTITUTIONS.

4. OVERLAYING THESE PHASES IN THE PAST 30 YEARS HAVE BEEN A SERIES OF DIFFICULT EVENTS FOR ITALY WHICH HAVE IMPOSED SERIOUS AND POSSIBLY UNIQUE HADRSHIPS ON THE COUNTRY AS IT ATTEMPTED TO COMPRESS DEVELOPMENT OF A NEW DEMOCRATIC SOCIETY INTO SUCH A SHORT PERIOD: MILITARY OCCUPATION, AGRICULTURAL REFORM, INDUSTRIAL RECONSTRUCTION, NATIONALIZATION OF ELECTRIC POWER INDUSTRY, ENTRANCE INTO THE EEC, EXODUS

FROM COUNTRYSIDE TO THE CITIES, FAILURE OF PLANNED ECONOMY, CRISIS OF STATE PARTICIPATION IN INDUSTRY (THE ABSURDITY OF
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ENTITIES SUCH AS GEPI WITH THE ROLE OF SHELTERING INEFFICIENCY, OR EGAM, A MONUMENT OF INCOMPETENCE) AND THE ENERGY CRISIS.

5. AGNELLI S RESPONSE TO THIS HEAVY BURDEN WAS TO STRESS THE NEED TO DEVELOP REALISTIC OBJECTIVES, UPGRADE THE QUALITY OF WORK OUTPUT AND NOT JUST CREATE MORE JOBS, PAY GREATER ATTENTION TO YOUTH AND THEIR NEED FOR A NEW FRONTIER (A NEED, AGNELLI SAID, WHICH WAS FULLY RECOGNIZED AT THE RECENT LONDON SUMMIT MEETING), IN ADDITION TO THE NEED FOR YOUTH ON ITS PART TO DEVELOP REALISTIC GOALS AND REALIZABLE ASPIRATIONS, AND IN SUM, ONCE AGAIN ITALY SHOULD TAKE THE ROAD OF DEVELOPMENT.

6. HE CITED SEVERAL NECESSARY ACTIONS FOR RECOVERY:

-- ITALY SHOULD CORRECT THE SITUATION TODAY WHEREIN THE COUNTRY IS LIVING OFF EXTERNAL CREDIT, AND THEREFORE ITALY HAD UNDERUTILIZED ITS POTENTIAL RESOURCES, BOTH HUMAN

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AND PRODUCTIVE#
-- POLITICAL WORLD OF ITALY MUST REALIZE THAT DEVELOP-
MENT, AS OPPOSED TO STAGNATION, IS A DIFFICULT ROAD AND IT DOES
CREATE TENSION IN THE SOCIETY#
-- EXISTING ITALIAN INDUSTRY SHOULD BE ALLOWED TO
DEVELOP ITS FULL POTENTIAL AND IN PARTICULAR DEVELOP ITS
POTENTIAL ABROAD THROUGH INCREASED EXPORTS#
-- REDUCTION OF INFLATION RATE IS A MUST, BUT NOT SO
RAPID AS TO SUFFOCATE THE ECONOMY#
-- THOSE OPPOSING ENERGY PLANTS ON ECOLOGICAL
GROUNDS SHOULD COME FORWARD WITH CONCRETE, ALTERNATE SOLU-
TIONS# ITALY SHOULD NOT LET ITS ECONOMY FAIL DUE TO
UNREASONABLE ECOLOGICAL DEMANDS (L ECOLOGISMO INSENSATO).
TO DO ALL OF THIS, AGNELLI CONCLUDED, WE MUST RE-FIND
CONFIDENCE IN OURSELVES.

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ACTION EUR-12

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L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
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.....OURSELVES .

7. DURING 30-MINUTE Q AND A PERIOD, AGNELLI NOTED THAT ITALIAN
AGRICULTURE NEEDED TO BECOME MORE EFFICIENT (HE PREDICTED
A FURTHER DROP IN AGRICULTURAL WORKING POPULATION IN LINE
WITH WORLD, DEVELOPED-COUNTRY TRENDS)# FIAT IS DIVERSIFYING
AND ITS AUTOMOBILE SECTOR WILL END UP WITH ABOUT 30 PERCENT

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OF OVERALL GROUP SALES# AGNELLI IMPLIED CO-GESTATION OF
COMPANIES WITH MANAGEMENT AND UNION REPRESENTATIVES (A LA
SWEDEN) ON COMPANY BOARDS MIGHT BE BETTER THAN PRESENT CONTINUAL
CONFRONTATION SITUATION. ONE QUESTIONER CITED DANGER,
AS HE SAW IT, OF "EXXON CONTROLLING 40 PERCENT OF WORLD'S
NUCLEAR FUEL." AGNELLI BATTED THIS ONE DOWN QUICKLY,ADDING
IT WAS INCONCEIVABLE TO IMAGINE U.S. UNDER CARTER TAKING ANY
SUCH MONOPOLISTIC POSITION AND THAT WORLD IS NOW JUST TOO
INTERDEPENDENT.

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8. BOTH PRIOR TO AND AFTER HIS PRESENTATION, AGNELLI
SINCERELY APOLOGIZED TO ME RE HIS ABSENCE FROM TURIN DURING
AMBASSADOR GARDNER S VISIT. WE ALSO CHATTED ABOUT THE
GOOD 25TH BILDERBERG CONFERENCE IN U.K. 4/22 AND HIS
MEETING KISSINGER THERE (AGNELLI AND HAK WILL MEET AGAIN IN
NEW YORK NEXT WEEK). AS FOR HIS REMARKS, IT WAS GOOD TO
HEAR AGNELLI SOUND A LESS GLOOM-AND-DOOM VOICE AS HE DID
LAST DECEMBER/JANUARY AND TO CALL ON HIS COUNTRYMEN TO
HAVE CONFIDENCE IN THEMSELVES AS HE SAW THERE WAS SOME HOPE
AND A MEASURE OF OPTIMISM IN ITALY'S FUTURE.
WRIGHT

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Message Attributes

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Disposition Approved on Date:
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Original Previous Handling Restrictions: n/a
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